

Message Text

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SUBJECT: TORONTO STAR EDITORIAL TOTES OUT ITS OLD NATIONALISTIC

"CANADAIN SHOULD HAVE A BIGGER SHARE IN FOREIGN CORPORATIONS"

ARGUMENT TODAY

THE TORONTO STAR OF 8 OCTOBER HAS AN EDITORIAL HEADED "ONTARIO JABOS
HOSTAGE TO FOREIGN DECISIONS" WHICH IS REPRODUCED BELOW IN ITS
ENTIRETY:

QUOTE ONE MILLION ONTERIO WORKERS - A THIRD OF THE PROVINCIAL
LABOR FORCE - DEPEND ON FOREIGN BOSSES FOR THEIR JOBS.

THE ASSEMBLY LINE WORKERS AT GENERAL MOTORS, THE TECHNICIANS
AT IBM, THE PACKAGER AT KRAFT FOODS, THE CLERK AT DU PONT, THE
ENGINEER AT IMPERIAL OIL, THE BOTTLER AT COKE, THE SALESPERSON AT
WOOLWORTH - ALL OF THESE AND MANY MORE ARE HOSTAGES TO DECISIONS
AND POLICIES MADE OUTSIDE CANADA.

THE AWESOME DIMENSIONS OF FOREIGN INVESTMENT AND FOREIGN
CONTROL IN ONTARIO WERE OUTLINED IN A REPORT PUBLISHED THIS WEEK
BY THE PROVINCIAL TREASURY.

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NOTING THAT TWO-THIRDS OF ONTARIO'S MANUFACTURING INDUSTRIES

ARE CONTROLLED OUTSIDE CANADA, THE REPORT SAYS:

"A LARGE SEGMENT OF THE ECONOMY IN FOREIGN HANDS COULD EXPOSE ONTARIO CORPORATIONS TO THE DIRECT POLICY INFLUENCE OF A FOREIGN GOVERNMENT."

THE REPORT PROVIDES A POWERFUL ARGUMENT NOT ONLY FOR CONTINUING EFFORTS TO SCREEN NEW DIRECT FOREIGN INVESTMENT, BUT ALSO - AND MORE IMPORTANT - FOR NEW WAYS TO BREAK THE STRANGLEHOLD FOREIGN FIRMS ALREADY HAVE ON LARGE SEGMENTS OF OUR BUSINESS AND INDUSTRY.

IT'S TRUE THAT DIRECT U.S. INVESTMENT HERE - THAT IS, THE OPENING OF NEW BRANCH PLANTS, OR THE EXPANSION OF EXISTING ONES FINANCED BY NEW CAPITAL INFUSIONS FROM FOREIGN HEAD OFFICES - HAS BEEN ON THE WANE RECENTLY. IN 1974 IT AMOUNTED TO DOLS 615 MILLION, IN 1975 DOLS 535 MILLION AND IN THE FIRST SIX MONTHS OF THIS YEAR THERE WAS AN ACTUAL OUTFLOW OF DOLS 43 MILLION IN FOREIGN CAPITAL.

BUT NEW DIRECT INVESTMENT REPRESENTS ONLY ABOUT 5 PER CENT OF THE ANNUAL INCREASE IN FOREIGN INVESTMENT IN CANADA. THE REST IS REPRESENTED BY THE GROWTH OF FOREIGN FIRMS ALREADY HERE, FINANCED OUT OF RETAINED PROFITS EARNED IN CANADA OR THROUGH LOANS FROM CANADIAN BANKS OR FINANCIAL MARKETS.

U.S. AMBASSADOR THOMAS ENDERS, IN A SPEECH EARLIER THIS YEAR, SAID THE EFFORTS OF U.S. MANUFACTURERS TO GET CLOSE TO THE CANADAIN MARKET, "TO ESTABLISH BEHIND THE TARIFF WALL, SEEMS LARGELY COMPLETE."

THE IMPLICATION WAS THAT CANADAINS NEED NO LONGER WORRY ABOUT INFLOWS OF FOREIGN DIRECT INVESTMENT BECAUSE ALL THAT WAS EVER GOING TO COME HAS ALREADY COME.

EXACTLY THE OPPOSITE IS TRUE. THE ENORMOUS PRESENCE OF FOREIGN-OWNED COMPANIES, WITH THEIR GROWING POWERS TO MAKE KEY DECISIONS AND TO INFLUENCE THE CANADIAN ECONOMY, REMAINS THE MAJOR THREAT TO CANADIAN INDEPENDENCE EVEN THOUGH THE BIG FLOW OF NEW INVESTMENT FROM ABROAD HAS LEVELLED OFF.

CANADA'S FOREIGN INVESTMENT REVIEW LEGISLATION, IMPORTANT AS IT
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IS IN DEMANDING THAT NEW INVESTMENT CAPITAL SHOULD BRING SIGNIFICANT ECONOMIC BENEFITS TO CANADA, DOESN'T BEGIN TO ADDRESS THE MAJOR PROBLEM - THAT OF INCREASING CANADIAN PARTICIPATION, CANADAIN DECISION-MAKING AND CANADAIN CONTROL IN INDUSTRIES THAT ALREADY EXIST HERE.

WHAT'S NEEDED IS A RESOLUTION OF PARLIAMENT EXPRESSING, AS A MATTER OF NATIONAL POLICY, THAT OVER A PERIOD OF YEARS, SHARES OF

FOREIGN-OWNED SUBSIDIARIES IN KEY INDUSTRIAL SECTORS SHOULD BE MADE AVAILABLE TO CANADAINS IN NUMBERS LARGE ENOUGH TO ENSURE EFFECTIVE CANADAIN CONTROL.

NO OTHER COUNTRY IN THE WESTERN WORLD HAS SUCH LARGE AND ECONOMICALLY STRATEGIC SECTIONS OF ITS ECONOMY CONTROLLED BY FOREIGNERS. IN NO OTHER COUNTRY IS THE LIVELIHOOD OF SO MANY CITIZENS SUBJECT TO DECISIONS MADE BY THE CITIZENS OF OTHER COUNTRIES.

IT'S TIME FOR CANADAINS TO DEMAND A MUCH BIGGER STAKE IN THE CORPORATIONS THAT CONTROL SO MUCH OF THEIR ECONOMIC LIFE.
UNQUOTE.

COMMENT: IT SHOULD BE NOTED THAT ALTHOUGH THIS EDITORIAL INVEIGHS AGAINST "FOREIGN" INFLUENCE IN THE CANADAIN ECONOMY, ALL COMPANIES CITES, AMBASSADORS QUOTED, ETC., ARE AMERICAN. THIS SEEMS ALWAYS THE CASE WITH STAR EDITORIALS, "FOREIGN" REALLY MEANS "AMERICAN."

WHAT TOUCHED OFF THIS EDITORIAL? WAS IT THE READING OF THE ONTARIO PROVINCIAL TREASURER'S REPORT WITH ITS DELINEATION OF THE EXTENT OF FOREIGN INFLUENCE IN THE PROVINCE'S ECONOMY? OR IS IT BECAUSE THE STAR HAS BEEN MODERATE IN ITS EDITORIALS LATELY AND PERHAPS FELT THAT IT NEEDED TO RE-AFFIRM ITS NATIONALISTIC STANCE?

WHAT IS PECULIAR IS ONTARIO PROVINCE ITSELF HAS A CONSIDERABLE CAMPAIGN UNDERWAY TO ATTRACT MORE FOREIGN INVESTMENT: THE PREMIER HAS JUST RETURNED FROM EUROPE TO FIND INVESTMENT MONEY FOR THE PRIVATE SECTOR: THE TREASURER JUST TOLD A GROUP OF U.E. INVESTORS IN TORONTO THAT THE PROVINCE WAS COMMITTED TO "MAINTAIN AND IMPROVE THE FAVOURABLE INVESTMENT CLIMATE IN CANADA" AND STRESSED REPEATEDLY THAT ONTARIO NEEDS FOREIGN
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INVESTMENT FOR ECONOMIC GROWTH; THE PROVINCIAL MINISTER OF NATURAL RESOURCES HAS BEEN QUOTED WIDELY AS STATING ONTARIO IS TRYING TO CREATE A MORE FAVORABLE CLIMATE FOR FOREIGN INVESTMENT IN THE MINING INDUSTRY, ONTARIO HYDRO, A PROVINCIAL CROWN CORPORATION, IS PLANNING TO BORROW APPROXIMATELY DOLS 15 BILLION IN THE U.S. OVER THE NEXT TEN YEARS. AGAINST THIS BACKDROP THE STAR EDITORIAL SEEMS JUST EMPTY POSTURING.
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